

Putting Investors First

How to Enhance your Financial Education Program

North American Securities Administrators
Association

We Are NASAA

North American Securities Administrators Association Inc.

- **Oldest international investor protection organization (1919)**
- **67 state, provincial, & territorial securities administrators across North America**
- **NASAA assists states in the creation, distribution & marketing of investor education materials**



Putting Investors First

- Each state has a securities regulator to protect its citizens
- The principal focus of state securities regulators is to **prevent fraud** at the retail point of sale

The Role of Your State Securities Regulator

- **Licensing** stockbrokers, investment adviser firms (managing less than \$25 million in assets) & securities firms conducting business in the state.
- **Registering** certain securities offered to the states' investors.
- **Investigating** investor complaints and potential cases of investment fraud
- **Enforcing** state securities laws by fining, penalizing, providing restitution to investors, prosecuting white-collar criminals, and imposing legally binding conduct remedies designed to correct specific problems.
- **Examining** brokerage and investment adviser firms to ensure compliance with securities laws and maintenance of accurate records of client accounts.
- ~~Reviewing~~ certain offerings that are not exempt from state law
- **Educating** investors about their rights & providing the tools & knowledge they need to make informed financial decisions.
- **Advocating** passage of strong, sensible, and consistent state securities laws and regulations.

On the Front Lines of Investor Protection

- The local '**Cop on the Beat**'
- As an **investor's first line of defense** providing residents with information about firms or individuals selling securities within the state.
- State securities regulators have a long **record of success in protecting investors** at the local level.

How State Securities Regulators Serve & Protect Investors

INFORM

EDUCATE

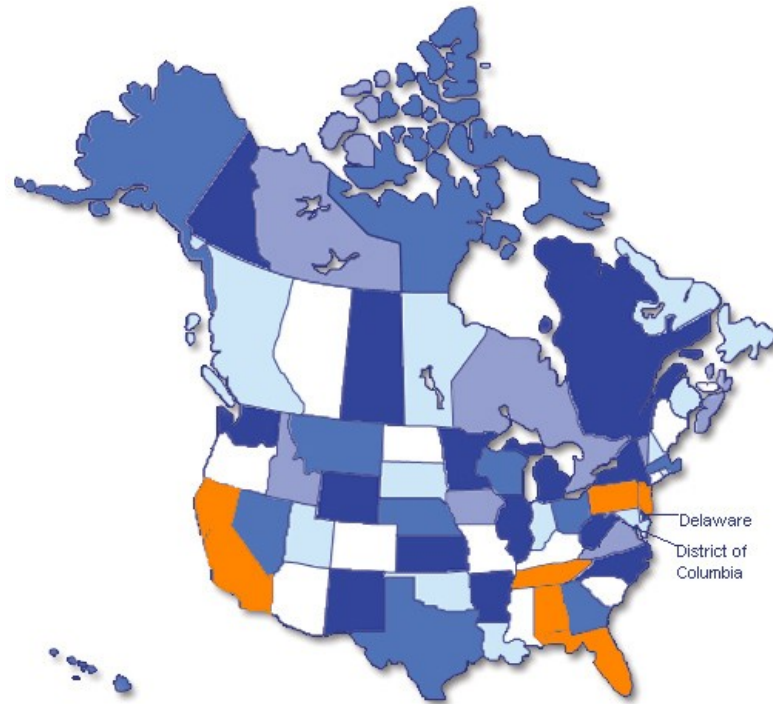
PROTECT

Investor Education: **The Tool to Protect Investors From Fraud**

- An **informed investor** is the best defense against fraud.
- State regulators offer **free publications, programs & presentations** to help investors understand **how to evaluate investments** and **avoid becoming a victim of fraud**.

Investor Education: **The Tool to Protect Investors** **From Fraud**

Grassroots programs to reach military



Programs

- **Investor University on Base** (Florida)
- **TAPS:** Troops Against Predatory Scams (California)
- **Operation ASAP:** Armed Services Asset Protection (Pennsylvania)



Presentations

HURLBURT FIELD SPONSORS
INVESTOR UNIVERSITY
ON BASE
Learn How To Be an Educated Investor

Five Free Classes

1. GETTING STARTED
2. INTRODUCTION TO FINANCIAL MARKETS
3. MAKING A FINANCIAL/ INVESTMENT PLAN
4. INVESTMENT FRAUD
5. HOME BUYING

contact:

IT'S NEVER TOO EARLY OR TOO LATE TO BEGIN PLANNING FOR YOUR FUTURE. Become an educated investor.

FLORIDA
OFFICE OF FINANCIAL REGULATION

Investor University

OPERATION
asap
Armed Services Asset Protection
Pennsylvania Securities Commission

THE FLEET AND FAMILY SUPPORT
WITH THE
PENNSYLVANIA SECURITIES COMMISSION
SPONSOR
3 FINANCIAL SEMINARS

Investing for Success - January 18
(Know your Rights - Investigate first - Take your Time)

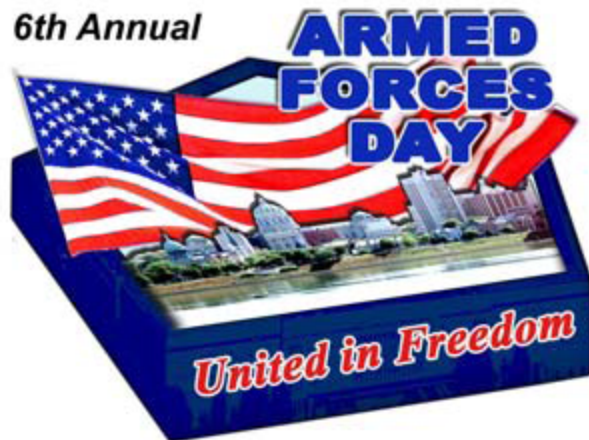
Investment Fraud - January 25
(Appearances can be deceiving - Ask questions)

Top Scams in Pennsylvania - February 1
(Do you know what affinity and churning are?)

Pennsylvania Securities Commission
Eastgate Office Building, 2nd Floor
1010 N 7th Street
Harrisburg, PA 17102
Toll-Free in Pennsylvania (800) 600-0007
or (717) 787-8062
www.psc.state.pa.us



Events



MAY 19, 2007 • CITY ISLAND • HARRISBURG, PA

Installation Pre-Deployment Fairs

*All Military Spouses
Are Highly Encouraged To Attend*

Family Resource Center

1501 William C. Lee Road

0900-2100

*STACC childcare will be
available while you visit
the information booths*

February 22

March 19

April 23

*Agencies will be available
to answer your questions*

*Mini-seminars will be
held throughout the
day*

Seminar 1: *Closing the Intimacy
Gap During
Deployment*

Seminar 2: *Children and Separation
Issues of Deployment*

Seminar 3: *Recipe and Tool Boxes
for Couples' Communication*

For more information call

**270.798.2158 or
270.956.2935**



*Attention Spouses:
Bring Your Military
ID And A Copy Of
Your Soldier's Orders
With Manifest To Get
Your MWR SPOUSE
DISCOUNT CARD!*



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Media

USING THE MILITARY AS A BASE FOR FRAUD

Opportunities always exist for duping the public and when the securities fraud is directed by using the "military" as its appeal, the scam becomes more distasteful, yet quite effective. Depending on the investment, or the current news headline, scams can be, and are tailored to lure specific groups of unsuspecting investors - sometimes the military or those supporting our troops.

Here is a great example. When this country's soldiers went to Iraq, a group called "Clover Management Group, Inc." (Clover) used the situation to prey on investors' patriotism. The New Jersey Bureau of Securities brought an action against Clover. The case involved the sale of more than \$55 million in fraudulent and unregistered securities to over 80 investors. Many of the investors were supposedly in defense industry private equity and were pitched by the defendants as not only providing high guaranteed returns, but supporting the U.S. and British war efforts in Iraq (i.e., the perpetrators preyed on the investors' patriotism). False representations were made for investment

FAITH BEING PUT TO THE TEST

Affinity Fraud. Know of it? That's a type of securities fraud associated with being a member of a group, such as being a member of a house of worship. However, affinity fraud involves a different kind of praying - called "praying." It is a fraud that could sadly test one's faith - in people.

One definition found on the internet describes "affinity" as, "A close connection marked by community of interests or similarity, in nature or character." That definition provides the fundamental idea for one of the more commonly committed investment frauds used to scam victims. Affinity fraud occurs when a trusting, hopeful, investor - the victim - connects with

the fraudster, the scam artist. A scam artist commits affinity fraud by preying on a victim who is affiliated with a group or organization. The contact is made through relationships carefully developed by belonging to or appearing to belong to, shared interests or groups. These might include religious groups, support groups, charities, professional, cultural or ethnic groups, or even a small coffee club. There are cases where retirees from different areas of the military have used their past association, as a way to scam those serving in active duty. Truly!

Religious groups, clubs or organizations are comprised of people, like most of us, who have count on being trusted because of simply belonging to the same "group." Scam artists count on this underlying trust because they know that for a member to "distrust" or be "suspicious" of another member or colleague, can go against what brought the group together in the first place.

Florida



Money Matters: Military Concerns

State of Tennessee
Securities Division

Money Matters
615-741-5900

Suite 680, Davy Crockett Tower
500 James Robertson Parkway
Nashville, Tennessee 37243-0575

Fake Red Cross Calls Scam Military Spouses

A new scam targets spouses of military service members currently on duty in Iraq. A caller will claim to be a representative of the American Red Cross and says that the spouse's husband/wife was injured in Iraq and transferred to a hospital in Germany. The caller states that they need to verify the husband's/wife's social security number and date of birth before doctors can start treatment. The Red Cross does not report any type of casualty information to military family members. The Department of Defense will contact families directly regarding injuries to their enlisted family member. The American Red Cross will contact military members/dependants directly only in response to an emergency message initiated by the family. Perpetrators of this fraud are committing a federal crime punishable by up to 5 years in prison. Should any military family member receive such a call, do not release any personal information. Instead, please report the contact to their local Family Readiness Group or Military Personnel Flight.



Callers claim to represent the American Red Cross

Inside this issue:

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Scams that Target Military Personnel

Catalog Coupons: High cost loans are often made to military personnel under the guise of catalog sales. The consumer provides a post-dated personal check to a lender who provides up front cash of a lesser amount than the check, as well as coupons or rebates that can be used for the purchase of goods or services from a catalog. Often, the goods or services in the catalog are high-priced or of poor quality. In effect, the consumer is receiving a loan at a very high cost.

Be aware

- Many companies that sell these and other fraudulent products and services employ former military personnel in order to make soldiers feel more comfortable and at ease.
- Many of these scams have military sounding names to sound more official and imply that you can trust them.
- Many of these scams are advertised in newspapers that appear on or near military posts so that military personnel will think they are official military newspapers. The implication that the ad is in a military newspaper is that you can trust the product or service being advertised.

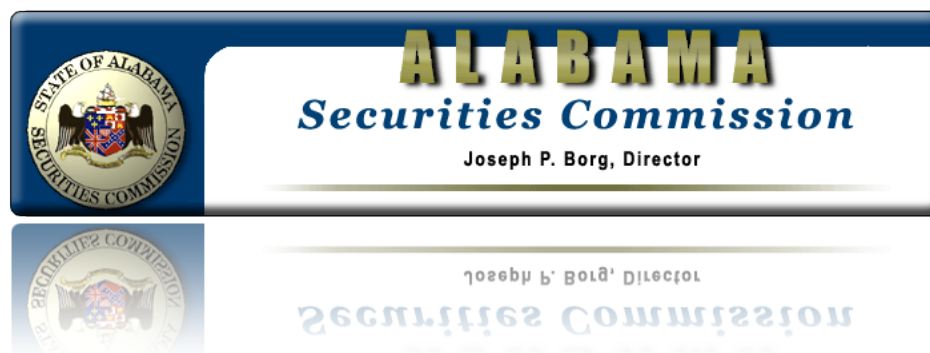
Phone card sales: This is quite similar in structure to the A common internet sales scam. Some of the offers for these phone card membership clubs advertise a \$300 cash back rebate in exchange for the consumer's agreement to purchase 300 minutes worth of phone cards twice a month over a year. The cost is \$135 a month. Phone cards with 600 minutes' worth of call time can be purchased at many stores for a fraction of the price.

Special points of interest:

- Military members and families are targets for scams
- Plan to invest and learn to budget
- Safeguard your credit
- Schedule a presentation

Tennessee

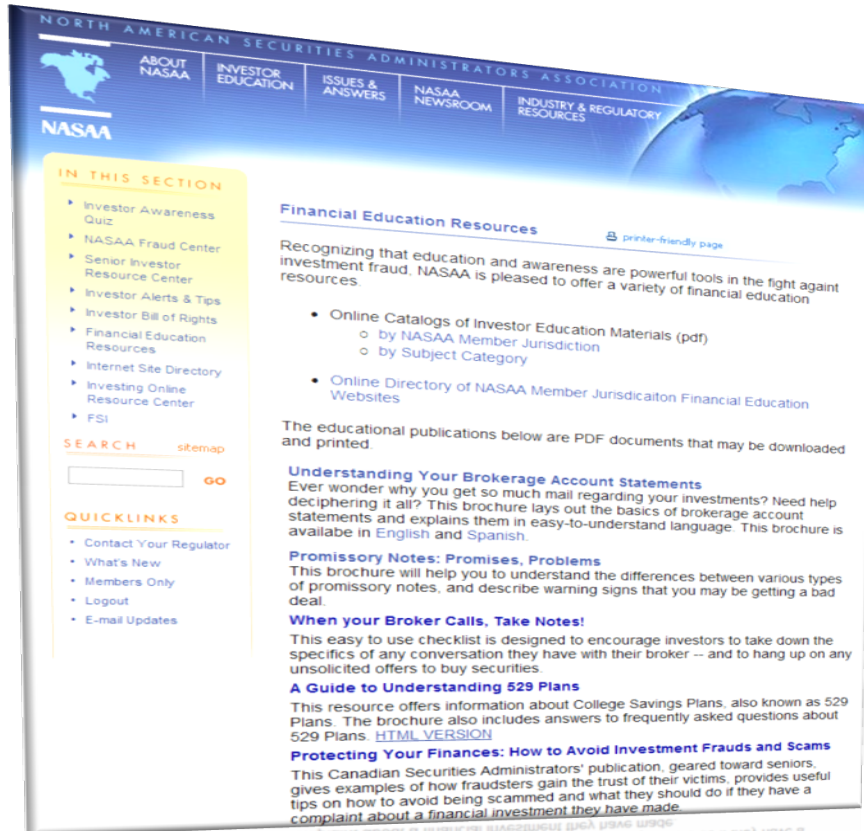
Partnerships



- **Alabama Securities Commission & Auburn University** (Cooperative Extension System) will **partner on investor education events** at military installations throughout Alabama.

NASAA

Resources



NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION

NASAA

ABOUT NASAA | INVESTOR EDUCATION | ISSUES & ANSWERS | NASAA NEWSROOM | INDUSTRY & REGULATORY RESOURCES

IN THIS SECTION

- Investor Awareness Quiz
- NASAA Fraud Center
- Senior Investor Resource Center
- Investor Alerts & Tips
- Investor Bill of Rights
- Financial Education Resources
- Internet Site Directory
- Investing Online Resource Center
- FSI

SEARCH [sitemap](#)

QUICKLINKS

- Contact Your Regulator
- What's New
- Members Only
- Logout
- E-mail Updates

Financial Education Resources [printer-friendly page](#)

Recognizing that education and awareness are powerful tools in the fight against investment fraud, NASAA is pleased to offer a variety of financial education resources.

- Online Catalogs of Investor Education Materials (pdf)
 - by NASAA Member Jurisdiction
 - by Subject Category
- Online Directory of NASAA Member Jurisdiction Financial Education Websites

The educational publications below are PDF documents that may be downloaded and printed.

Understanding Your Brokerage Account Statements
Ever wonder why you get so much mail regarding your investments? Need help deciphering it all? This brochure lays out the basics of brokerage account statements and explains them in easy-to-understand language. This brochure is available in English and Spanish.

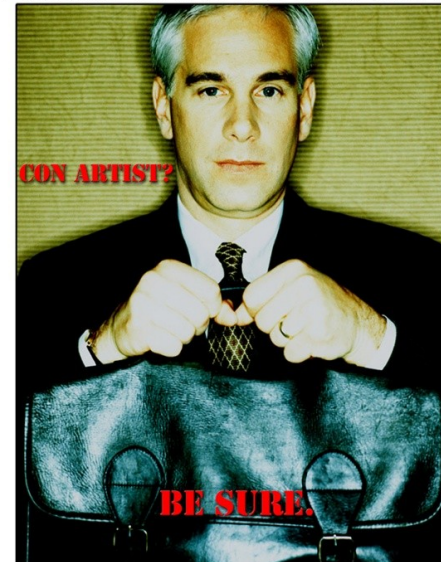
Promissory Notes: Promises, Problems
This brochure will help you to understand the differences between various types of promissory notes, and describe warning signs that you may be getting a bad deal.

When your Broker Calls, Take Notes!
This easy to use checklist is designed to encourage investors to take down the specifics of any conversation they have with their broker -- and to hang up on any unsolicited offers to buy securities.

A Guide to Understanding 529 Plans
This resource offers information about College Savings Plans, also known as 529 Plans. The brochure also includes answers to frequently asked questions about 529 Plans. [HTML VERSION](#)

Protecting Your Finances: How to Avoid Investment Frauds and Scams
This Canadian Securities Administrators' publication, geared toward seniors, gives examples of how fraudsters gain the trust of their victims, provides useful tips on how to avoid being scammed and what they should do if they have a complaint about a financial investment they have made.

LOOKS CAN BE DECEIVING




The Basics of
SAVING AND INVESTING:
Investor Education 2020

IE
Investor Education 2020

A product of the
Investor Protection Trust

0.72 REYT 121.36 ▲ 1.29 THBP28
48.98 ▲ 0.13 JAB 41.78 ▼ 0.03 J94.45



**Sandwich Generation:
Caught in the Middle**

Your Children You Your Parents



SECURITIES COMMISSION
FRAUD-SCENE
INVESTIGATOR

FSI FRAUD SCENE INVESTIGATOR PRESENTS

Suitable Investments



How to Get Started...

- Contact your **state securities regulator** to discuss **partnership possibilities** and determine how they may enhance your financial education programs.
- Visit the **NASAA** website:
www.nasaa.org)

NASAA Military Contacts

Daniel G. Lord (Primary)
***NASAA Affinity & Military Outreach,
Chair
& Education and Public Affairs
Manager,
Alabama Securities Commission***



As Chair of the ~~the~~ **NASAA Affinity and Military Outreach Project Group** Dan works with five highly qualified members to study and promote military personal finance and investor education outreach programs. He also manages an Education and Public Affairs programs for the Alabama Securities Commission. Dan is retired from the U.S. Air Force as a Lieutenant Colonel with 23 years of service.

Melinda Semadeni (Secondary)
NASAA Investor Education Manager

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Melinda serves as the NASAA Investor Education liaison in Washington D.C ensuring the efficient operation of a multinational investor education outreach program that covers North America. Melinda manages the following Investor Education groups: Military, Pre-retiree, Senior and Youth Outreach and Research and Coordination. Melinda previously worked in the Financial Services arena and received her Bachelor of Arts in Journalism from Brigham Young University.